

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Mail Processing Network
Rationalization Service Changes, 2012

Docket No. N2012-1

PUBLIC REPRESENTATIVE NOTICE OF
PROPOSED PROCEDURAL SCHEDULE

(January 5, 2012)

Pursuant to 39 CFR 3001.21 the Public Representative submits this Motion to request a procedural schedule to accommodate both due process requirements and the utmost consideration for a timely and relevant Commission advisory opinion. Three aspects of the procedural schedule are addressed in this Motion: the need for and timing of a technical conference with the Postal Service; the amount of time needed for initial discovery to fully develop the record regarding the Postal Service's direct case; and the amount of time needed for discovery for the purpose of formulating rebuttal testimony that that makes a meaningful contribution to record the Commissioners may use to inform its Advisory Opinion.

I. Technical Conference

Need for a technical conference. As the Commission is aware, the Postal Service sponsored the testimony of Emily R. Rosenberg (USPS-T-3) to describe the use of a network optimization model used in this case. Witness Rosenberg's testimony is vital to understanding how the Postal Service approached examining its processing and transportation networks and building a proposal that optimizes these assets. There are significant challenges for intervenors, however, in determining how the model operates. The

model is used to develop an operating plan that “would allow the Postal Service to use its equipment and facilities more efficiently.” USPS-T-3 at 2. However, the technology used is proprietary software that is prohibitively expensive to obtain. Essentially, therefore, how the model operates is a mystery. Without hands-on review of how the model provides varied outputs based on changed inputs, it is impossible to review how the Postal Service used or applied the model to support its proposal.

Timing of the technical conference. As discussed above, the optimization model utilized by the Postal Service is a relatively unknown quantity to intervenors in this case. In order to fully participate in a technical conference exploring the contours of the model used by witness Rosenberg, the Public Representative would ideally have an expert witness under contract and available to participate. As the review and discussions with possible witnesses are ongoing, the Public Representative would request that the technical conference be scheduled for the week of January 17-20, 2012. If the Public Representative is unable to have an expert witness attend, at minimum, it would give Public Representative staff time to review discovery on the model and formulate questions concerning the model’s operation.

The Public Representative requests that a technical conference with witness Rosenberg be scheduled no earlier than January 17, 2012. An earlier technical conference will be of limited utility, and may result in unnecessary discovery that could have been anticipated and asked at the technical conference given adequate time to prepare.

The Public Representative has contacted Postal Service counsel and other intervenors, and it appears that a mutually agreeable date for the technical conference may be forthcoming.

II. Initial Discovery

The Public Representative has propounded discovery on many of the Postal Service’s witnesses. It expects responses from the Postal Service by the end of next week (January 12, 2012) from the first round of requests. Given the number of Postal Service witnesses, volume of testimony, and breadth of issues, the Public Representative anticipates two to

three more rounds of discovery for the purpose of developing the record on the Postal Service's case.

To date, the Postal Service has been exceptionally responsive to informal requests and discussions on how to streamline the discovery process and retrieve relevant data and information. Assuming the continued spirit of cooperation, the Public Representative anticipates that initial discovery could be completed 45 days from the date of the procedural schedule's issuance. This time would permit discovery on:

- Documentation and data support for the excess capacity forming the basis for large productivity gains (and hence large cost savings) in mail processing, and the concomitant transportation cost savings or cost increases;
- The appropriateness of optimization model inputs and assumptions, sensitivity to modeled variables, the extent to which the model is sensitive to variables that are not included in the model, and the appropriateness of the manner in which they are used to develop the Postal Service's proposal;
- Any completed AMP review studies, which may shed light on the extent to which consolidations, and the subsequent cost savings resulting from those consolidations, are feasible; and
- The methodology and results of the volume forecasting market research conducted by the Postal Service and contractors.

Exploring these avenues of inquiry is not a simple task. Rather, the Public Representative and staff must invest considerable time formulating questions and requests that result in meaningful answers and data. Permitting more time in discovery allows parties to be more judicious in discovery requests with the knowledge that time allows for follow-up. This in turn reduces the burden on the Postal Service to respond to overbroad discovery, hastily requested, due to the limited time available.

The Public Representative views 45 days from the date of the procedural schedule as a reasonable compromise that allows parties an opportunity to thoroughly explore the Postal Service's direct case without prejudicing the Commission's ability to issue a timely advisory opinion based on a robust record.

III. Rebuttal Discovery

The Public Representative's ability to secure a witness and have that witness prepare meaningful rebuttal testimony will be determined, in very large part, by the amount of time the Commission allows for discovery to develop intervenor testimony. Any time less than 60 days from the last hearing on the Postal Service's direct case necessitates that the Public Representative will have a qualitative rebuttal of the Postal Service's proposal rather than a quantitative rebuttal.

The avenues the Public Representative is considering for witness testimony include:

- A quantitative review of the Postal Service's excess capacity (and estimated productivity gains) that form the basis for a large portion of the cost savings;
- A critique of the optimization model used by the Postal Service to determine optimum locations to consolidate, the optimum windows to operate specific mail processing equipment, and the costs of the corresponding changes in the Postal Service's transportation network; and
- An assessment of the service impact on vulnerable members of the mailing public.

All of the Public Representative's potential lines of inquiry are subject to time and budget constraints, but a brief discovery period would work to limit the depth and quality of any witness analysis.

The Public Representative therefore requests a minimum of a 60 day discovery period after the close of the Postal Service's direct case for its planned expert witness(es) to develop testimony and create a more robust record. If the Commission deems a shorter time frame necessary, the Public Representative is prepared to opine on the Postal Service's proposed service standards, but would not be able to contribute in depth analysis on the cost savings side of the equation.

Respectfully Submitted,

/s/ Christopher J. Laver

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